

Message Text

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60

ACTION EUR-12

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RSC-01 USIA-15 PRS-01 SP-02 DOTE-00 EB-07 COME-00 L-02

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TAGS EIND ETRD CA US

SUBJ U.S.-CANADA AUTOMOTIVE AGREEMENT

1. CANADIAN AUTOMOTIVE PARTS MANUFACTURERS' ASSOCIATION OFFICIALS MET WITH INDUSTRY, TRADE AND COMMERCE MINISTER GILLESPIE NOVEMBER 18 AND, ACCORDING TO ASSOCIATION PRESS RELEASE, EMPHASIZED THEIR CONCERN THAT ORIGINAL BASIS FOR 1965 AUTOMOTIVE AGREEMENT HAS BECOME OBSOLETE.

2. ACCORDING TO ASSOCIATION, DISCUSSIONS WITH MINISTER CENTERED ON POINTS RAISED IN NOVEMBER 14 LETTER FROM ASSOCIATION TO GILLESPIE, TO WIT:

(A) ESTABLISHMENT OF PERMANENT HIGH-LEVEL COMMITTEE COMPOSED OF US-CANADIAN GOVERNMENT AND INDUSTRY OFFICIALS TO REVIEW AUTO PACT AND MAKE RECOMMENDATIONS WITHIN TWELVE MONTHS;

(B) WITHDRAWAL OF PACT BENEFITS CANADA HAD EXTENDED TO THIRD COUNTRIES IN EVENT THEY ARE NOT PREPARED TO GIVE CANADIAN PARTS MANUFACTURERS FAIR ACCESS TO THEIR MARKETS;

(C) ELIMINATION OF AUTOMOTIVE PARTS FROM BENEFITS

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OF CANADIAN GENERAL PREFERENTIAL TARIFF.

3. ASSOCIATION STATED IT WISHED TO PRESS ITS VIEWS AT THIS TIME IN PARTICULAR IN VIEW OF PM TRUDEAU'S STATEMENT IN PARIS THAT AUTOMOTIVE INDUSTRY IS ONE OF MAIN CAUSES OF FRICTION BETWEEN CANADA AND U.S. AND THAT IT POSSIBLE THIS SUBJECT WILL BE RAISED IN DECEMBER 4 FORD-TRUDEAU MEETING. ASSOCIATION STATED THAT "WE ARE AWARE THAT THE GOVERNMENT HAS BEEN UNDER SOME PRESSURE FROM THE AMERICAN GOVERNMENT TO ELIMINATE THE TARIFFS WHICH REMAIN ON NEW CARS AND THE PROHIBITION ON THE IMPORTATION OF USED CARS AS PART OF THE NEGOTIATIONS ON THE AUTO PACT". ASSOCIATION ALSO STATED THAT "OUR OPPOSITION TO FREE TRADE IN AFTER-MARKET PARTS REMAINS FIRM".

4. ASSOCIATION STATED THAT CANADIAN AUTO TRADE DEFICIT IN FIRST 9 MONTHS OF 1974 HAS TOPPED \$1 BILLION AND COULD REACH \$1.6 BILLION BY YEAR END; FURTHERMORE, IN PAST 10 YEARS BALANCE IN TRADE IN AUTOS AND PARTS HAS BEEN MORE THAN \$4 BILLION IN U.S. FAVOR.

5. COPIES OF ASSOCIATION PRESS RELEASE AND LETTER BEING SUBMITTED BY AIRGRAM.
JOHNSON

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